CHAPTER 3
KPA III – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Introduction

The primary aim for the development of this KPA was to try and address the apartheid inequalities in the provision of basic services such as water, electricity, sanitation and housing. The Corporate Services Directorate provides Secretarial and Council Support to the Technical Services Directorate during the implementation of all its powers and functions. The Directorate further plays an integral role in the Evaluation and Adjudication of all Bids.

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Bid Committees	Bids evaluated and adjudicated	15	13	94% of the annual target has been achieved
Activity II Secretarial Support	Secretarial support during Professional Service Providers Forum, Housing Forums, Project Management Unit	4	4	100% of the annual target has been achieved
Activity III Council Support	Provision of Quarterly Council Resolutions	4	4	100% of the annual target has been achieved
Activity IV Council Support	Provision of Infrastructure Portfolio Committee Agendas	12	6	Only 50% of the total target was achieved as the Departmental activities were not coordinated correctly since the Director was on suspension.

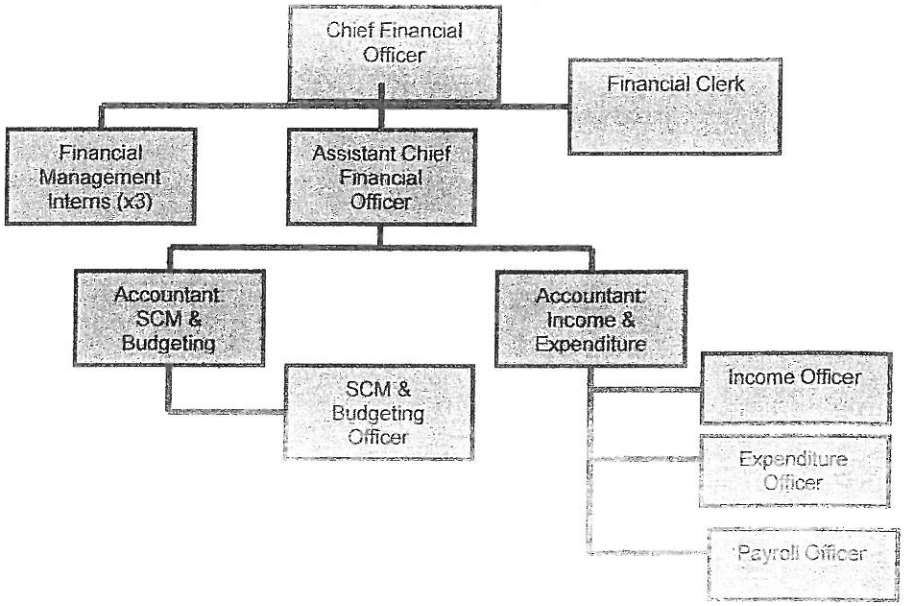
CHAPTER 4
KPA IV – LOCAL ECONOMIC DEVELOPMENT

Introduction

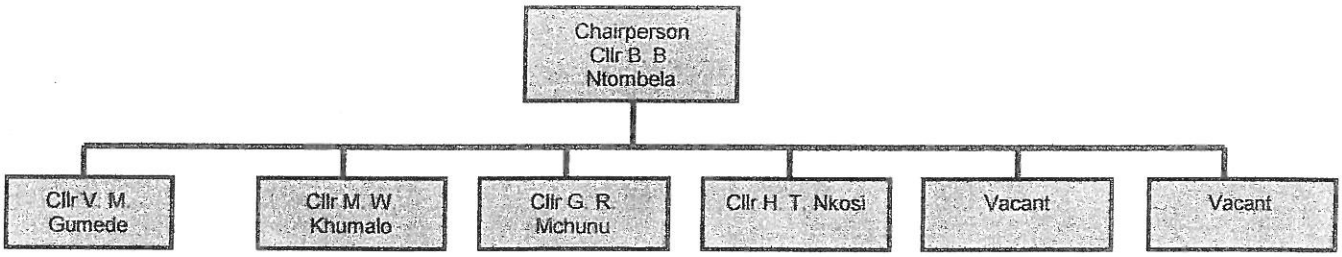
The primary objective of this KPA is to promote the lives of people through Local Economic Development initiatives which are contained in the Municipal LED Strategy. The Corporate Services Directorate provides Secretarial and Council Support to the LED Unit as well as the coordination of IDP meetings

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity II Secretarial Support	Secretarial support during meetings with Developers	4	4	100% of the annual target has been achieved
Activity III Council Support	Provision of Quarterly Council Resolutions	4	4	100% of the annual target has been achieved
	Provision of Land Planning Portfolio Committee Agendas and Minutes	12	7	Only 50% of the annual target was achieved because the Sub-Directorate was only established in December 2007.
Activity V Integrated Development Planning	Arrangement of IDP Representative Forum Meetings	4	4	100% of the annual target has been achieved
	Arrangement of IDP Steering Committee Meetings	8	3	Only 40% of the annual target has been achieved
	Preparation of adverts for IDP Review and IDP Process Plan (Drafts and Final Documents	2	2	100% of the annual target has been achieved
Activity VI Skills Development & Capacity Building	LED Learnership Programme	1	1	100% of the annual target was achieved
	Workshop for LAP Facilitators	1	1	100% of the annual target was achieved

Staff Complement – Finance Department



Composition of the Finance Committee



3. Analysis of functions

No.	Occupational Category	Number
1.	Managerial	2
2.	Supervisory	2
3.	Clerical	6
4.	Internship	3

4. Key issues

- Low payment factor and educating customers with regards to the benefits of paying for services
- Lack of office space
- Capacitating of existing staff
- Increase the revenue base
- Readiness for the implementation of GRAP
- Full compliance with MFMA and SCM Regulations

CHAPTER II
KPA 2 – INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The objective of this key performance area is to ensure that the day to day operations and functions are coordinated and administered effectively and efficiently.

Activity	Unit of Measurement	Annual Target	Achieved Target	Comments
Activity I Staff management	Departmental meetings	6	6	Departmental staff meetings were held after every two months. These meetings allowed finance officials to discuss progress and challenges encountered when executing their duties.
	Feedback on Job Descriptions	11	11	Job descriptions for all posts are in place with the exception of the post of Financial Controller which was created late during the year.
	Conduct team building exercise	2	2	Team building workshops were conducted during September and March.
Activity II Office equipment and furniture	Purchase of office equipment	R90,500	R53,148	The 58% of expenditure on office equipment is for additional computers and office furniture.

CHAPTER III
KPA 3 – LOCAL ECONOMIC DEVELOPMENT

The objective of this key performance area is to promote local economic development in order to improve the lives of the people of Hlabisa.

Activity	Unit of Measurement	Annual Target	Achieved Target	Comments
Activity I Provide support to SMME businesses	Timely payment of creditors	100%	94%	Creditors were paid twice a month in order to support small businesses. About 6% of creditors were outstanding at year end.
	Procurement from local businesses	60%	40%	About 40% of all procurement was done from businesses within the municipality especially catering and construction work.

CHAPTER IV
KPA 4 – FINANCIAL MANAGEMENT AND VIABILITY

The objective of this key performance area is to ensure that the municipality remains viable, transparent, credible and well managed in terms of finances and compliance with the MFMA. To ensure that all financial management systems and policies and procedures are best practice.

Activity	Unit of Measurement	Annual Target	Achieved Target	Comments
Activity I Monitor and control the Treasury Department	Submission of monthly financial reports	12	12	All monthly financial reports were prepared including income and expenditure reports and monthly ledger.
	Monthly Bank Reconciliations	12	12	Bank Reconciliations were done for all months.
	Quarterly financial reports	4	4	Quarterly reports were prepared and submitted to National Treasury and Provincial Treasury.

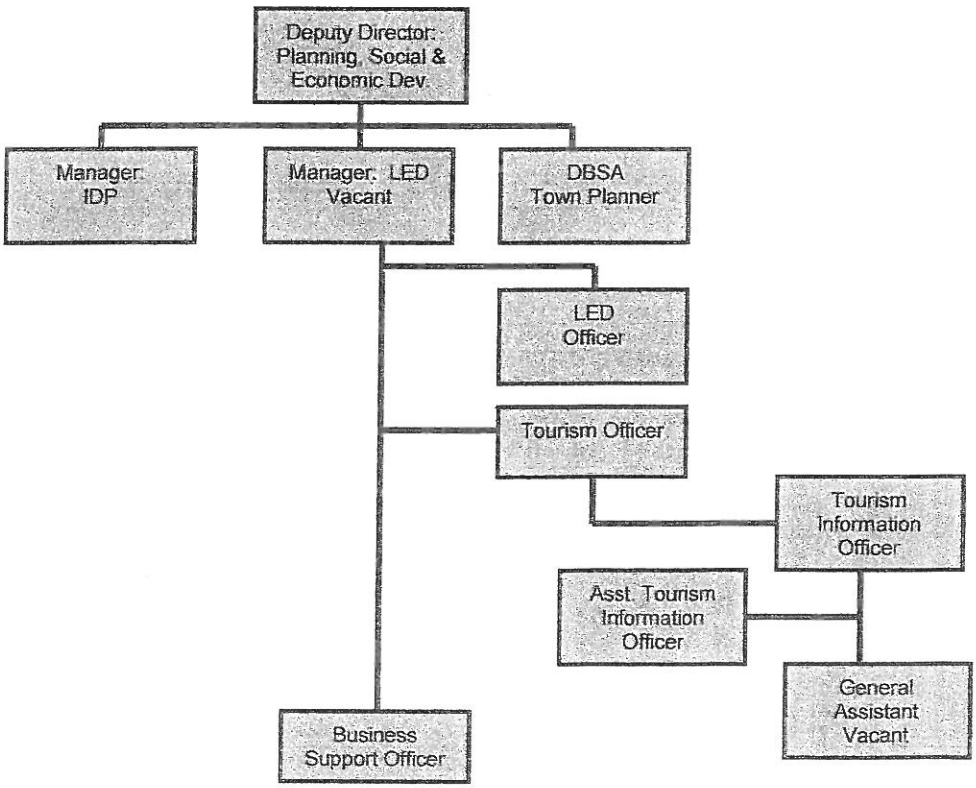
SUB-DIRECTORATE: PLANNING, SOCIAL & ECONOMIC DEVELOPMENT

Overview

The Planning, Social & Economic Development Sub-Directorate is responsible for the following functions:-

- Integrated Development Planning
- Land Use Management System
- Town Planning
- Municipal Planning
- Industrial Development Planning
- Billboards, Displays of advertisement in public areas
- By-laws
- Environmental Affairs
- Cemeteries, Funeral Parlours and Crematoria
- Municipal Airport
- Child Care Facilities
- Arts & Culture
- Primary Health Care Centers
- Crafts
- Agriculture
- Gender Equity

Staff Complement – Planning, Social & Economic Development Sub-Directorate



CHAPTER 2
KPA II – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Small infrastructure Projects for Poverty alleviation	Building of market stalls	3	3	The projects were 100% completed.
	Irrigation Systems	2	2	The target was achieved.
	Building of ECD Centers / Child Care Facilities	31	28	The target was achieved but there are three ECD centers which are not finished. Those are ward 15 which is 80%, ward 14- Mshaya which is 85% and ward 7- Mphunduma which is 95%
	Business Centre	1	1	The target was not fully achieved because the building is 99% complete.
Activity II Big Infrastructure Projects	Bakery Project	1	0	There has been a delay in the Construction of this project. Site clearance was done and Contractor appointed.

CHAPTER 3
KPA III – LOCAL ECONOMIC DEVELOPMENT

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity II SMME Development	Number of SMMEs Trained	100	100	This target was achieved. The municipality got assistance from the development agency and IDC to train SMMEs on Basic Business Skills. Further to this training there was also one month training of Co-operatives where we sent ten SMMEs for that training which was sponsored by Department of Economic Development.
	Data base development	1	1	This target was achieved. There is now a database for SMMEs with 88 SMMEs. The database has got all the information required by the municipality in the development of SMMEs.
	Number of SMMEs sent to Workshops	10	06	Six SMMEs were sent to Provincial business Fair Workshop.
	Technical Skills training	25	25	The target was to train SMMEs in their specialized fields. So we were able to train 25 SMMEs doing catering.
Activity III Tourism Development	Tourism indaba	1	1	The target was achieved. One tourism SMME was sent to participate in tourism indaba.
	Zamimpilo Information Centre fully operational	1	1	The target was achieved. The information office is fully staffed with qualified officers. There is working equipment for the staff in the office.
	Municipal Small Scale/ Poverty alleviation Projects	19	19	This target was achieved. The municipality has been successful in the delivery of small scale projects in each ward of the Municipality.
	District Small Scale/ Poverty Alleviation Projects	38	30	The target has not been fully met. The projects have been delivered but there have been some challenges with other projects. As a result some projects are still outstanding.
	Project preparation- feasibility studies, business plans	3	3	The projects are still under implementation and the closes out reports are expected to be ready by end of October 2008. The projects are: Mpembeni Game Lodge, Nkundusi Lake view lodge as well as the Establishment of Accommodation and Conference facility in Hlabisa Town.

CHAPTER 5
KPA V – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Integrated Development Planning	Preparation of IDP	1	1	The target was achieved, we managed to meet the required dates for the preparation and adoption of the IDP
	Advertisement of IDP	1	1	An advert was submitted to both local news papers which is Ilanga and Zululand Obsever
	Submission of IDP	2	2	Submission was done in June as required by the Legislation
Activity II IDP Meetings	IDP Steering Committee Meetings	8	6	Six meetings took place; some of the meetings were missed due to the unavailability of members.
	IDP Representative Forum Meetings	4	4	This target was met. All the IDP Representative Forum meetings were held.
Activity III IDP Road Shows	IDP Road Shows hosted	2	2	This target was met. The municipality successfully hosted two IDP road shows.
Activity IV Environmental Camps	School participation in environmental camps	4	4	The target was met. The Municipality together with the District as well as KZN Wild life was able to send four schools to Hluhluwe Umfolozi Game Park for a weekend to attend an environmental camp.

DIRECTORATE: TECHNICAL SERVICES

Overview

The Technical Services Directorate is responsible for the following functions:-

- Electricity
- Water and Sanitation
- Housing
- Municipal roads
- Street Lighting
- Pontoons and Ferrees
- Provision of Markets
- Sports Facilities
- Fencing
- Storm water
- Infrastructure Provision

Departmental team building	Meeting			
Project implementation meetings	Minutes/ Reports			
IDP Steering Committee	Meeting	8	8	Target achieved
Business plan	Registration	18	18	Target achieved
Project Manager's appointments and registration to MIG	Reports			

CHAPTER 2
KPA II – FINANCIAL MANAGEMENT AND VIABILITY

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Facilitate the provision of project cash flow from PSP'S	Facilitation of project cash flow	R 5,607,760.08	R 5,607,760.08	100% of the annual target achieved
Activity II Preparation of the annual cash flow document	Annual Cash flow document	18	18	100% of the annual target achieved
Activity III Bid Committee meetings	Meeting	18	18	100% o the annual target achieved

CHAPTER 3
KPA III – BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Municipal Infrastructure Grant (MIG) Projects	Ezibayeni Multipurpose Centre	100%	100% complete	Target achieved
	Mgezahlizinyo Community Hall	100%	80% complete	Target not achieved
	Kwa-Mshaya Community Hall	100%	40% complete	Target not achieved
	Ward 015 Community Hall	100%	40% complete	Target not achieved
	Construction Ward 019 Community Hall	100%	40% complete	Target not achieved
	Nhlonhlweni Community Hall	100%	10% complete	Target not achieved
	Shayamoya Community Hall	100%	70% complete	Target not achieved
	Ndonga Community Hall	100%	40% complete	Target not achieved
	Mcwakwini community Hall	100%	20% complete	Target not achieved
	Mfekayi Community hall	100%	80% complete	Target not achieved
	Ablution for Somkhele Taxi Rank	100%	20% complete	Target not achieved

	Enqopheni Orphan Centre	100%	100% complete	Target achieved
	Ninela Crèche	100%	100% complete	Target achieved
	Ogengele Crèche	100%	100% complete	Target achieved
	Emapheleni Crèche	100%	100% complete	Target achieved
	Isigcino Crèche	100%	100% complete	Target achieved
	Emapheleni Pay Point	100%	100% complete	Target achieved
	Phaphamani Pay point	100%	100% complete	Target achieved
	Vulinqondo Crèche	100%	100% complete	Target achieved
	Fukula Crèche	100%	100% complete	Target achieved
	Kwa-Myeki Crèche	100%	100% complete	Target achieved
	Ensolweni Crèche	100%	100% complete	Target achieved
	Thandolwesizwe Crèche	100%	100% complete	Target achieved
	Esihlakaneni Crèche	100%	100% complete	Target achieved

CHAPTER 4
KPA IV – LOCAL ECONOMIC DEVELOPMENT

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Internally funded / LED Projects 2007/2008	Monthly and Quarterly report for monitoring the progress of Internal Projects.	59	53	90% of the target has been achieved.
	Local Economic Empowerment	200	177	85% of the target has been achieved since local builders and local suppliers were appointed during the implementation of all projects.
	Skills Transfer	200	200	100% of the annual target has been achieved.
	Employment of Local Labour	118	118	100% of the annual target has been achieved.

Activity II Municipal Infrastructure Grant (MIG) Projects 2007/2008	Monthly and Quarterly report for monitoring the progress of MIG Projects.	19	0	The annual target was not achieved due to the late registration of projects with MIG and the subsequent late appointment of Project Social Facilitators.
	Local Economic Empowerment	57	7	Only 5% of the annual target was achieved since the local contractors were not meeting the bidding requirements set by Hlabisa Municipality.
	Skills Transfer	38	38	100% of the annual target was achieved.
	Employment of Local Labour	114	114	100% of the annual target was achieved.
Activity III Project Consolidate Projects 2007/2008	Monthly and Quarterly report for monitoring the progress of Projects Consolidate Projects.	3	1	Only 40% of the target was achieved as only one Project Consolidate funded project was implemented (Electrification of Mandozi area). The other two projects are still at a facilitation stage.
	Local Economic Empowerment	3	0	The annual target was not achieved since local contractors are not meeting the bidding requirements that are set out for Hlabisa Municipality.
	Skills Transfer	4	4	100% of the annual target has been achieved.

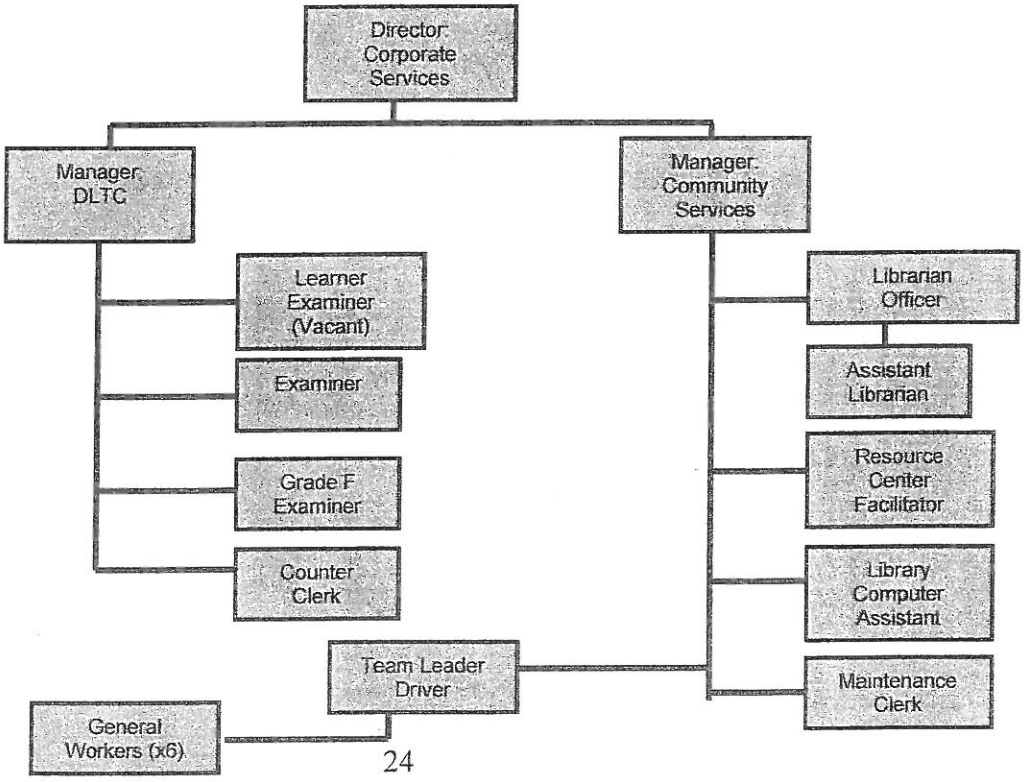
DIRECTORATE: COMMUNITY SERVICES

Overview

The Community Services Directorate is responsible for the following functions:-

- Public Transport
- Protection Services
- Traffic and Parking
- Fresh Produce Market
- Fire Fighting
- Libraries and Community Halls
- Sport & Recreation
- Solid Waste Management
- Parks and Amusement Facilities
- Trade Regulations
- Public Toilets and Cleansing
- Control of Public Nuisance
- Control of undertakings to sell liquor to the public
- Facilities for the accommodation, care and burial of animals
- Licensing of dogs
- Municipal abattoirs
- Noise Pollution
- Pounds
- Public Places
- Refuse Removal
- Street Trading
- Public Participation

Staff Complement – Community Services Department



CHAPTER 3
KPA III – LOCAL ECONOMIC DEVELOPMENT

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Training of caterers	Number of all registered caterers trained as per the provision of Health Environment legislation.	?	Achieved	All caterers were trained in all nodal points with an assistance of Health Environmental practitioners.
Activity II Informal Trading	Allocation of market stalls to all informal traders.	All informal traders allocated to their market stalls. Figure Required	Not achieved (% required)	The market stalls were to be rehabilitated prior to allocation. The recommendation from the Planning and Social Development was to wait for rezoning of the town.

CHAPTER 4
KPA IV – FINANCIAL MANAGEMENT AND VIABILITY

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Submission of developmental budget input	Document submitted	1	1	The departmental budget input was submitted for the compilation of the draft and final budget.

CHAPTER 5
KPA V – GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Activity	Unit of Measurement	Annual Target	Achieved Target	Comment (s)
Activity I Social Development	Compilation of Indigent register.	1	0	This is a shared service. The district municipality is facilitating the compilation of the indigent register.
Activity II ID Campaigns	Number of ID Campaigns held	19	19	The Community Services Directorate achieved its annual target for ID campaign since it was held in all wards.
Activity III Voter Registration Campaigns	Number of Voter Registration Campaigns held	19	4	10% of the annual target was achieved. The challenge was the shortage of IEC staff to facilitate the whole process.
Activity IV Public Safety	Establishment of Driving license Testing Centre.	1	1	The Community Services Directorate has achieved its target since the DLTC was registered as grade E DLTC and is operating.
Activity V Public Participation	Road Shows on the public facilities available from the Municipality	4	3	75% of the target was achieved.
Activity VI Sport and Recreation	Participation in KwaNaloga games.	To have different teams participating in the District elimination games. (figure required)	Yes (Figure required)	The Community Services Directorate has achieved its set target. The elimination games were done from ward level and cluster level where players to represent Hlabisa Municipality were selected.

ANNEXURE B

MANAGEMENT LETTER – AUDIT REPORT

The Accounting Officer
Hlabisa Municipality
P O Box 387
Hlabisa
3987

31 October 2008

Reference: 21273REG07-08

Dear Sir

MANAGEMENT REPORT ON THE REGULARITY AUDIT AND THE REVIEW OF PERFORMANCE INFORMATION OF HLABISA MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2008

INTRODUCTION

1. We have completed the audit of the financial statements of Hlabisa Municipality for the year ended 30 June 2008. This management report is provided to the accounting officer and communicates any matters that came to our attention during the audit which, in our opinion, are relevant to the municipality.

AUDITOR'S RESPONSIBILITY

2. Our responsibility is to express an opinion on the financial statements and to report on findings related to our review of performance information.

3. Our audit was conducted in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

4. The auditing standards require us to plan and perform the audit as well as to obtain all the information and explanations that we consider necessary in order to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by fraud or error. This involves performing procedures to obtain assurance about the amounts and disclosures in the financial statements.

5. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments we consider the internal controls relevant to the preparation and presentation of the financial statements. Our audit also includes evaluating the appropriateness of the accounting policies and the reasonableness of the accounting estimates made by management, as well as the overall presentation of the financial statements.

SIGNIFICANT FINDINGS FROM THE AUDIT

Qualifications

15. We have qualified our audit opinion on the following matters:

Fixed assets register does not reconcile to the general ledger

The fixed assets general ledger balance of R30 352 476 does not reconcile to the fixed assets register amount of R26 278 680 which results in a difference of R4 073 796. Based on the fixed assets register the fixed assets balance disclosure in the annual financial statements is overstated by the above difference.

Unverifiable fixed assets

The fixed assets balance disclosure in the annual financial statements includes an asset that we could not verify. This asset is listed in the Fixed Assets Register with a description of "development" at an amount of R 2 900 153.

Inadequate provision for doubtful debts

We were not provided with a calculation of provision for doubtful debts. The municipality rolled forward the prior year balance. The municipality does not have a policy for provision for doubtful debts. The debtors balance of R1 279 549 as disclosed in note 8 to the annual financial statements contained debtors of R786 142 which have been outstanding for more than twelve of which no payment have been received against these debtors.

Debtors Value Added Tax
The municipality has a long outstanding value added tax receivable of R5 894 533 from South African Revenue Services. We are of the opinion that the recoverability of this amount is uncertain as it an accumulative amount from the 2003 to 2008 financial year.

Unauthorised expenditure
The municipality has overspent its allocated reserves and funds by R1 470 416. This over expenditure is deemed to be unauthorised. Furthermore this over expenditure has not been disclosed correctly in the annual financial statements as it is reflected as debit balances in the reserves and funds disclosure.

Going concern

16. The municipality incurred a net loss of R4 682 901 for the year ended 30 June 2008 (2007: R6 673 918). Furthermore, the municipality statutory funds are not adequately cash backed and the municipality is reliant on funding from equitable share to pay for it expenses in the normal course of operations. In addition, an analysis of its own income revealed that 42.5% of the municipality's income of R31.2 million is allocated to employee and consultant costs. As a result of the above the extent to which effective service delivery is achieved is questionable.

The statutory funds and reserves and trust funds balances of R21 783 903 are not backed by sufficient concomitant assets as required by the MFMA. The shortfall amounts to R13 306 734.

Internal controls – root causes

17. Section 62(1) (c) (i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the qualified opinion. The root